



Bolivia: Textile and Apparel Industry

Author: C. Crenwelge

Date: 05/2006

ID:

Summary

The Bolivian textile and apparel industry is dominated by a number of firms (and related subcontractors) manufacturing goods for export, primarily to the United States and Europe. Small, often family-owned workshops targeting domestic consumers make up the remainder of the sector and operate in a mostly informal market.

Bolivian exporters rely heavily on preferential market access programs, particularly the Andean Trade Promotion and Drug Eradication Act (ATPDEA), to be competitive. Prospects for extending the Act beyond its December 31, 2006, expiration are unclear, but U.S. firms may find opportunities to provide materials and machinery to Bolivian manufacturers or to fill niche clothing markets.

Textiles and Apparel in the Bolivian Economy

Bolivia's economy grew 4 percent in 2005, its fastest rate of expansion since 1998. Gross domestic product totaled an estimated USD 8.5 billion, up from USD 8.2 billion the previous year.

Exports reached record levels in 2005, totaling USD 2.7 billion. The textiles and apparel sector accounted for approximately 2.5 percent of all exports. The table below shows sector exports from 2000 to 2005.

*Textile and Apparel Exports
(in thousands of USD)*

PRODUCT	2000	2001	2002	2003	2004	2005	% CHANGE 2004 - 2005
Cotton and Cotton Threads	969	1,562	1,303	1,440	742	368	-50.40
Textile Products	29,451	25,536	17,316	28,879	28,007	32,540	16.19
Apparel	16,475	15,009	13,641	22,456	39,796	35,131	-11.73
TOTAL	46,895	42,107	32,260	52,775	68,545	68,039	-0.01

Source: National Institute of Statistics (INE)

Industry Profile

The Bolivian textile and apparel industry is dominated by a number of technologically advanced large and mid-sized firms (and related subcontractors) manufacturing goods for export, primarily to the United States and Europe. Small, often family-owned workshops producing inexpensive clothing for domestic consumers comprise the remainder of the sector and operate in a mostly informal market. Industry representatives estimate that several thousand small workshops operate in El Alto, La Paz, Cochabamba, and Santa Cruz.

Used clothing imported since the mid-1990s has captured an important share of the domestic market, undercutting many small Bolivian producers with extraordinarily low prices. Garments imported (often illegally) from China, India, and Southeast Asia also compete with local manufacturers, causing many small workshops to close or lay off employees in recent years.

The textile and apparel industry declined somewhat in the late 1990s, thanks in part to spill-over effects from the 1997 Asian financial crisis and related drops in exports, but began to recover in 2002, when the United States adopted the Andean Trade Promotion and Drug Eradication Act (ATPDEA). Under the program, apparel made from regional or U.S. yarns and fabrics may enter U.S. markets duty-free, subject to a cap of two percent of total U.S. apparel imports, while alpaca, vicuña, and llama products are exempt from duties. Exporters rely heavily on this program and on European preferential market access programs to remain competitive.

Bolivian textile and apparel manufacturers use both natural and synthetic yarns and fabrics. Large spinning and weaving facilities export much of their production, either through direct yarn and fabric exports or through vertically integrated export programs, and distribute the remainder to large manufacturers and small-scale knitters and weavers nationwide; smaller firms often produce yarn and fabrics for subsequent domestic sale. Many raw fibers are exported to Peru, where they are processed and re-exported to Bolivian clothing manufacturers.

Bolivia's largest apparel firms export millions of units of clothing annually, supplying goods to Polo Ralph Lauren, Abercrombie and Fitch, T.J. Maxx, Marshalls, and other U.S. firms. Local manufacturers also export to European and neighboring countries, although on a much smaller scale.

Commercial Opportunities

U.S. products have excellent reputations among Bolivian textile and apparel producers, who use U.S. yarns, fabrics, accessories, and machinery. Potential suppliers should understand that price is the determining factor in local manufacturers' purchasing decisions and be aware that third-country imports have established reputations, especially in the case of European textile machinery, where circular knitting machines, looms, dying and finishing equipment, and other goods are in high demand.

Demand for U.S. materials, accessories, and machinery has risen in part due to Bolivian manufacturers' desire to take advantage of ATPDEA trade preferences. As a result, U.S. firms may be able to supply the following products:

Raw Materials: Natural fibers, including raw cotton, wool, and other animal fibers; and synthetic fibers, including acrylic tow and polyester chips.

Cotton Yarns: Cotton in the following titles: 40/1, 36/1, 30/1, 24/1, 20/1, 16/1, 12/1, 8/1, and 6/1. For 20/1 and up, demand includes both carded and combed yarns; for thick titles, demand includes carded and open-end yarns. Cotton yarns may be needed for industrial and handmade sweaters, for knitted and woven fabrics, and for sugar and flour bags.

Acrylic Yarns: Acrylic, both dyed and non-dyed, in the following titles: 32/2, 40/1, 36/1, and 20/1. Acrylic yarns are used mainly in the sweater industry and in the manufacturing of knitted and woven fabrics.

Polyester Yarns: Polyester, both dyed and non-dyed, in the following titles: 75/1 and 150/1. Textured polyester yarns are used for knitted and woven fabrics.

Fabrics: Knitted fabrics, for the manufacture of knitted apparel, such as underwear, T-shirts, polo shirts, sweatshirts, sweaters, and other goods; woven cotton and wool fabrics, for the manufacture of underwear, pants, shirts, dresses, coats, jackets, towels, sheets, and other items; and non-woven fabrics, for the manufacture of a variety of goods.

Accessories: Buttons, elastics, threads, zippers, and other items.

Machinery: Spinning, knitting, and weaving equipment; cutting and sewing machines; dying, stamping, embroidery, and finishing equipment; supplies, spare parts, and specialized oils and lubricants; and, in some cases, used or reconditioned equipment.

U.S. firms may be able to fill niche markets, potentially by supplying designer clothing to select consumers. Companies with unique expertise might also consider manufacturing labor-intensive products in Bolivia using U.S. components. Before initiating such investments, however, companies should carefully weigh the advantages and risks of doing business in Bolivia.

U.S. suppliers may face competition from Brazil, China, and Southeast Asian nations, which supply polyester yarns and woven and knitted fabrics. Firms may also face competition from European and Japanese machinery manufacturers.

Materials, accessories, and machinery may be imported freely, without licenses or registrations of any kind. Consumer goods incur 10-percent import duties, while capital goods incur zero- to five-percent duties.

For More Information

The U.S. Commercial Service in La Paz, Bolivia can be contacted via e-mail: sanmartinlm@state.gov; phone: 591 2 216 8986; or fax: 591 2 216 8624. The section maintains a website at <http://bolivia.usembassy.gov>.

The U.S. Commercial Service — Your Global Business Partner

With its network of offices across the United States and in more than 80 countries, the U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Locate the U.S. Commercial Service trade specialist in the U.S. nearest you by visiting <http://www.export.gov/>.

Disclaimer: The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice.

International copyright, U.S. Department of Commerce, 2006. All rights reserved outside of the United States.